



*Federal Bureau of Investigation
Phoenix, Arizona*

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CALIFORNIA MAN SENTENCED TO PRISON FOR FRAUD SCHEME IN METRO PHOENIX AREA

PHOENIX— Kenneth Leon Smith, AKA Kenneth Ronald Foster, 38, of Los Angeles, Calif. was sentenced here May 8, 2006 by U.S. District Judge James A. Teilborg to 41 months in prison and ordered to pay a \$5,000 fine for his role in a conspiracy that was alleged to have caused losses in excess of \$126,000 to Phoenix area merchants.

Smith pleaded guilty in November 2005 to Conspiracy to Commit Fraudulent Use of a Social Security Number and admitted at that time that between June 2000 and May 2001, he worked with seven other individuals to use false social security numbers to open checking accounts at branch offices of Bank of America and Wells Fargo Bank in Arizona.

The banks would mail Smith's accomplices checks for use with their recently opened accounts. The accomplices were then directed to deposit approximately \$2,000 into the fraudulent accounts and then over weekends, they would write multiple personal checks to merchants in the Phoenix metropolitan area far exceeding the account's balances. Smith then directed his accomplices to withdraw the money from their accounts on Monday mornings before the outstanding checks could be presented to the banks for payment. As a result most of the checks were returned to the merchants for insufficient funds.

In some instances Smith directed his accomplices to return some of the fraudulently acquired goods to merchants for a cash refund of the purchase price. This was done before the merchants were aware that the checks used to acquire the goods had been rejected for payment by the bank. All the members of the conspiracy shared the refund money.

Paul K. Charlton, U.S. Attorney for the District of Arizona stated, "Identity theft and the fraudulent use of another person's social security number are devastating crimes. Victims spend untold hours trying to regain their good names, reestablish their credit ratings and undo the financial harm caused to them."

The seven co-defendants, all residents of other states, were also charged in the indictment. Two have been sentenced to prison, four entered into cooperation agreements with the government and were placed on probation and one is still awaiting trial.

The investigation in this case was conducted by the FBI and detectives from the Glendale Police Department. The prosecution is being handled by Richard I. Mesh, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-04-0373-PHX-JAT
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